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### Latin American Economic Association (SELA) - The Andean Community vis-a-vis FTAA: Implications and Opportunities

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# Latin American Economic Association (SELA)—The Andean Community vis-à-vis FTAA: Implications and Opportunities<sup>1</sup>

*Julio César Gil\**

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## I. Introduction

The Andean countries have set for themselves, the target of establishing a common market by the year 2005. This is a rather ambitious objective, particularly considering

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1. This is a summary of the above SELA document, which forms part of a series of studies prepared by the Permanent Secretariat of SELA on the region's main integration schemes and their position with respect to the FTAA process. This document analyzes the eventual impact and benefits of the hemispheric negotiations on the Andean Community countries, and the guidelines that could be followed to consolidate the Andean integration process in that setting. SELA's website is [www.sela.org](http://www.sela.org), and its three times a year journal, *Capitulos*, can be accessed through [www.lanic.utexas.edu-sela](http://www.lanic.utexas.edu-sela).

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that earlier stages, the free trade area and the customs union, are still imperfect. The Andean countries have also considered other integration options, including signing free trade agreements with the Asociacion Latinoamericana de Integracion (ALADI) member countries, and Central American and Caribbean nations. Meanwhile, they participate simultaneously in the World Trade Organization (WTO) multilateral negotiations, the European Union, and the Free Trade Area of the Americas (FTAA).

This strategy of establishing trade links with different actors, and in different geographical areas, contributes to the consolidation of the Andean integration process, and is a manifestation of the so-called open regionalism. In order to encompass all ALADI member countries into a free trade area, agreements between the Andean Community (CAN) and MERCOSUR, Chile and Bolivia, and Peru and Ecuador with Mexico, are being negotiated. This whole process must be finalized by the end of the year 2005. Thus, the Andean countries have set a number of integration objectives over the next five years. This is a formidable challenge for such a short-period of time.<sup>2</sup>

## II. The FTAA and a Few Challenges

One of the negotiations that will require the Andean countries' utmost attention, because of its implications for the sub-region, and the exact dates established for its completion, is the negotiation for the establishment of the FTAA. This is part of a wider commitment by the hemispheres' presidents and heads of state (except Cuba) to preserve and strengthen democracy, eradicate poverty and exclusion, as well as foster sustainable development, and the comprehensive protection of the environment in the Americas.<sup>3</sup>

The FTAA negotiations are carried out mostly with the United States, even though Canada offers an interesting trade potential. For the United States, the continental agreement's main objective is to put an end to trade barriers in participating developing countries. Another objective is to insure that U.S. firms are not excluded from existing free trade areas, or any agreement the countries of the region may subscribe to among themselves, or with other regions outside the hemisphere.

### A. THE ASYMMETRY BETWEEN PARTICIPANTS AND THE ATTAINMENT OF CERTAIN OBJECTIVES

Building the FTAA implies overcoming several challenges in order to set the foundations for a balanced agreement. One of the main difficulties, is the profound difference between participating countries, as far as the size of the economy and income levels are concerned. The U.S. economy is far more sizable than the sum of all the other economies involved in the process. At the same time, differences between the income levels of the

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2. See Comunidad Andina, *Acciones en Materia de Negociaciones Comerciales de la Comunidad Andina con Terceros en los Ultimos Meses* (Junio de 2001), available at <http://economia.eluniversal.com/can/negocial.shtml> (last visited Aug. 12, 2002).

3. First Summit of the Americas, Declaration of Principles Partnership for Development and Prosperity: Democracy, Free Trade and Sustainable Development in the Americas (Dec. 1994.), available at [http://www.ftaa-alca.org/ministerials/miami\\_e.asp](http://www.ftaa-alca.org/ministerials/miami_e.asp) (last visited Aug. 12, 2002).

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world's greatest economy, and one of its poorest countries are overwhelming. Yet they both sit at the same negotiating table.<sup>4</sup> Because of this, all official declarations point to the need to account for the differences in development levels, and the size of the economies. To date, this concern has led to the creation of a special committee in charge of gathering the small economies' concerns and interests, which are then conveyed to the Trade Negotiations Committee. Also, an inventory has been made of the technical assistance needs of countries with smaller economies. Meanwhile, those countries with an insufficient development level, such as Bolivia and Ecuador, have received superficial attention, mostly through official rhetoric. Their position is neither acknowledged by any committee, nor has it been included as a horizontal principle, in all the negotiating issues, as has been the case with small economies.

Moreover, the establishment of the FTAA creates certain imbalances that imply different costs for the developing countries that are parties to the agreement. The smaller, less developed economies will face greater adjustment costs. This fact should justify different treatment in relations between countries with different development levels; and thus be reflected in the degree of the commitments that may be adopted, with heavier commitments for the developed countries, the United States, and Canada. Similarly, in some cases, the less developed countries will require technical and financial assistance in order to improve their capacity to initiate and administer the policies required by the new trade commitments, and to carry out new infrastructure projects.

On the other hand, it is not clear whether some developing countries will be able to benefit, as they are expecting, from the hemispheric agreement shortly after its entering into force. Similarly, the opening of the U.S. and Canadian agricultural markets is a distant goal, as is a notable reduction in the application in the United States of antidumping measures against Latin American and Caribbean enterprises. Also, the preferences derived from sub-regional and bilateral arrangements may lose effectiveness, once extended to the United States and Canada, both of which insist that environmental and labor norms be included in the agreement. Finally, the FTAA will possibly impose greater requirements regarding issues such as investment, intellectual property, and competition policies, among others.

The way the negotiations are conducted will, however, determine whether the results will be fair and not slanted in favor of the FTAA's developed countries. The main objective sought by Latin American and Caribbean countries is the liberalization of U.S. and Canadian markets; which basically means the FTAA's goal is elimination of non-tariff barriers. A wider market should contribute to lower costs and increased global competitiveness. It would also stimulate economic development, promote investment, consolidate and deepen macroeconomic measures, as well as help curb inflation.

#### B. PRESERVING PREFERENCES WITHIN ALADI

One of the issues that concern developing countries, particularly those that have entered into sub-regional agreements, is how to preserve the preferences granted by several agreements within ALADI, among the other sub-regional arrangements. Official declarations emphasize that the FTAA may coexist with bilateral and sub-regional

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4. JEFFREY J. SCHOTT, PROSPECTS FOR FREE TRADE IN THE AMERICAS, Table 1.1 (2001).

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agreements, as long as the rights and obligations established by such agreements are not covered, or do not exceed, the rights and obligations established by the FTAA. Therefore, in order not to be substituted by the hemispheric agreement, the commitments agreed upon in such sub-arrangements must be one step ahead of the FTAA's rights and obligations. According to a recent study covering ALADI,<sup>5</sup> it is doubtful whether preferences could be preserved, even in the wider scope agreements, including economic unions, even if the FTAA turns out to be less ambitious than expected. The reason for this is that the commitments entered upon, within ALADI, regarding disciplines are basically limited. In order to preserve those agreements' character, they must be strengthened, since the possibility of converging all intra-ALADI agreements or adopting regional rules within the association before ending the FTAA negotiations is not realistic, given their complexity. On the other hand, existing agreements can be strengthened, as can others that may be entered upon in the near future, such as the agreement between the Andean Community and MERCOSUR.

Another way to preserve preferences is to negotiate the inclusion, within the FTAA of clauses, acknowledging the different development levels and economic sizes of participating countries. Both approaches are needed; however, the strengthening of intra-ALADI agreements is recommended. In this case, the responsibility rests exclusively with ALADI member countries. In order to strengthen intra-ALADI agreements, exceptions must be eliminated, liberalization timetables reduced, and the creation of a free trade area must be completed as soon as possible. Also, trade norms and disciplines must be adopted, as well as policies aimed at promoting trade, such as the development of an adequate infrastructure.

The Andean Community countries acknowledge the need to adopt this strategy in order to preserve the sub-regional preferences, and to proceed according to the established time table, to create a free trade area and a customs union by the end of the year 2005. The major task ahead is the development of common trade norms and disciplines, where they are lacking, and to harmonize the existing ones to community regulations.

### III. Andean Integration and the FTAA

Andean integration must consider the effects the FTAA would have on some of its objectives. For example, the effects of the FTAA on the negotiations that are being carried out by the Negotiating Group for Access to the FTAA Market, who is charged with establishing the guidelines regarding the FTAA's compatibility with other trade arrangements should be considered. The free trade area, the common external tariff, and Andean regulations may also be, more or less, affected by FTAA rules.

Regarding the free trade area, in its chapter on tariff and nontariff measures, the draft hemispheric agreement, establishes in Article 3, that depending on whether a central clause is included or not, the hemispheric norms would prevail, or sub-regional concessions would be allowed, when similar to those negotiated within the FTAA. Therefore, in the case of the Andean free trade area, if the central clause is adopted and Andean

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5. For a thorough analysis of this issue see ALADI, *Definicion de una Estrategia para la Preservacion de las Preferencias Intra-ALADI en el Acuerdo que Estableceria el ALCA*, ALADI/SEC/Estudio 132 (26 de Marzo de 2001).

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preferences are equal to those adopted within the FTAA, then the latter will prevail. This would ignore the global value of sub-regional commitments, including the trade policies adopted within the liberalization programs, a fact that is unrealistic and illogical.

Beginning in the year 2005, the application of the Common External Tariff (CET) will depend on the origin of the imported goods, and the modalities that may be agreed upon in order to carry out the FTAA's trade liberalization program. In other words, the CET would be applied to imports from outside the hemisphere that are not subject to tariff liberalization agreements. Imports from the FTAA's non-Andean region will be subject to the nontariff modalities that may be agreed upon within the hemispheric agreement, and the commitments deriving from the agreements signed within ALADI.

Many of the communitys and national norms and legislative measures may be affected in several ways by the FTAA. It would seem that, should the FTAA establish supra-national norms and disciplines regarding some of those issues, the Andean countries will be unable to apply the community's norms and legal rules within the Andean area; the Andean countries will be unable to apply these community norms and rules even within the framework of the FTAA. They could, however, apply them to their operations outside the hemisphere. On the other hand, should only general principles and basic norms allowing certain flexibility be adopted at the continental level regarding issues dealt with by the FTAA, then the Andean countries could continue using their community norms and national legislation in their relations with the FTAA, and third countries, as long as in both cases such norms follow the same orientation.<sup>6</sup> Thus, the Andean countries must not lose any time in harmonizing national legislation to community rules.

#### IV. The Importance of Trade for Andean Countries

Most of the Andean countries' trade is with other countries in the hemisphere. One of the FTAA's major attractions for Andean countries is the opportunity to grow in traditional, as well as, new sectors. This should translate into greater value-added exports. Because of their different types of trade, and the varied importance of trade within the economy of each, the five Andean countries have different priorities and interests in the hemispheric negotiations. Colombia and Venezuela, the main economies in the sub-region, have integrated more than the rest of the countries, and their bi-national trade is the largest within the Community. They have also been the largest recipients of foreign direct investment. Peru, the third largest economy in the sub-region, following its suspension in 1992 of all its commitments regarding the liberalization program, has not been able to gain full access to the other Andean markets. Peru later came to an agreement with its trade partners, whereby it will fully join the Andean free trade area before the end of 2005. Nevertheless, Peru's trade is more diversified than that of the other Andean countries. Bolivia, on the other hand, has been forced by its land-locked status to target the MERCOSUR market, joining the agreement as an associate member. Ecuador is more linked to its neighboring countries, and until 1998 was the third largest Andean exporter to the U.S. market.

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6. Fernando Gonzalez Virgil, *La Comunidad Andina de Naciones (CAN) ante el ALCA*, Intal, II Coloquio Academico de las Americas (Apr. 3-4, 2001).

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The Andean countries' main trade partner is the United States, while Canada is an attractive market with considerable potential. In both countries, Andean exports benefit from preferential treatment either through the Generalized System of Preferences (GSP), or the Andean Trade Preferences Act (ATPA). The GSP allows many Andean products to enter U.S. and Canadian markets duty free. It is renewed annually, and grades access according to the beneficiary country's development level. The ATPA, designed by the United States to cover the Andean countries, with the exception of Venezuela, covers a wider range of products than the GSP. It is due to expire this year, but the Bush Administration has already requested Congress to renew it. Both programs exclude important sectors of Andean production, such as textiles and apparel. Also, since they grant unilateral preferences, they are subject to periodic renewals, thus failing to provide the legal stability needed to attract sizable investment flows. Moreover, Andean exports of some products have an additional disadvantage. The United States and Canada grant other countries such as Mexico, through NAFTA, and Central American and Caribbean nations (with the exception of Cuba) a better tariff treatment. Because of this, one of the issues the Andean Community should make sure to negotiate within the FTAA, is the consolidation of preferential access to the U.S. market. It should also aim at elimination of all trade, and non-trade barriers, that affect those products currently excluded from preferential arrangements.<sup>7</sup>

## V. The Andean Community's Foreign Trade

The structure of Andean foreign trade must be considered when defining interests and priorities, and determining what is the most appropriate treatment at the hemispheric level to obtain the Community's objectives. The hemisphere is the main market for Andean exports. In the year 2000<sup>8</sup> the hemisphere received 66 percent of Andean Community's total world exports, which more than doubled during the prior ten years. Most of the sub-region's imports are also from the hemisphere, as are most of its foreign direct investment flows. This explains the priority Andean countries grant to the FTAA negotiations.

### A. EXPORTS

The United States is the main market for the Andean Community's exports, receiving in the year 2000, 47 percent of all of Andean world exports. During the last ten years, that market more than doubled in value. On the other hand, exports to the EU, the CAN's second largest client, continued to fall. The Andean Community's participation within the CAN's total world exports has fallen to 10 percent, almost half of what it was ten years ago. However, the third important intra sub-regional market, receiving 9 percent of total external exports, registered the highest level of expansion, and grew almost three times during that period. However, total CAN exports to the sub-regional market are

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7. Secretaria Permanente de SELA, *Perspectivas de los Paises de America Latina y el Caribe en el ALCA*, Version Preliminar, SP/DRE/Di.No. 27-98(Augosto de 1998).
  8. Andean Community, *El Comercio Exterior de la Comunidad Andina y sus Principales Mercados*, (junio de 2001), available at <http://www.comunidadandina.org> (last visited Aug. 12, 2002).
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smaller than other sub-regional arrangements' exports to that market. The importance of the sub-regional market, is evidenced by the fact that it receives the most diversified type of products from CAN members. Viewed in these terms, it is the CAN's number one market. MERCOSUR is the CAN's fourth most important market. MERCOSUR receives 4 percent of CAN's total exports, which more than doubled during the last decade. The main exports to the sub-regional market are manufactured goods, while exports to the rest of the world are mostly raw materials.

#### B. IMPORTS

During the last decade, Andean imports from the FTAA represented 64 percent of total imports. In the year 2000, 32 percent of total Andean imports were from the United States, a lower percentage than in 1991. The EU is the second largest provider, supplying 16 percent of total imports, again a lower percentage than that reached during the previous decade. The Andean Community is the third largest exporter. Slightly less than 14 percent of total Andean imports originated in CAN member countries, twice the number reached in the 1990s. MERCOSUR is the fourth largest provider, supplying 8 percent of CAN's total imports, slightly less than ten years before. Most of Andean imports are manufactured goods, representing between 73–76 percent of total imports depending on the country.<sup>9</sup> Other major imports are foodstuffs, fuel, agricultural products, and metals.

#### C. TRADE WITHIN THE CAN

Trade within the sub-region presents two characteristics. First, it is the most dynamic sector of CAN's trade. Due to its rapid growth, trade within the sub-region is beginning to recover the energy of the years before 1999. Even though exports almost tripled in 1999–2000, they are still lower than exports to MERCOSUR and the CACM, which are twice as large. Another characteristic of trade within the CAN is its diversification (it comprises 4,276 Nandina sub-classifications). In fact, the sub-regional market is the most diversified within CAN's total exports to the world. Moreover, a high percentage of exports within the CAN, close to 90 percent, are higher aggregate value processed goods. During the period 1990–1998, the percentage of nonbasic or higher aggregate value manufactured goods within sub-regional trade increased from 43 to 58 percent.<sup>10</sup> In 1998, Colombia, the country with the highest level of trade within the region (60 to 70 percent depending on the year), and Venezuela were responsible for 60 percent of trade within the CAN.

This indicates that perhaps both countries have used Andean integration mechanisms more effectively. It also demonstrates the relevance of the integration process as a way to build a wider, and more significant market for higher aggregate value manufactured exports.

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9. Jorge Caro Caprivinsky, *Compromisos y Posiciones de los Países Andinos en el Marco OMC*, Address Before Centro Regional Andino IICA, II Seminar-Round Table, International Agricultural Negotiations, ALADI-IDB/INTAL-IICA-BCIE, (Mayo 22-24 de 2001), available at <http://www.iadb.org> (last visited Aug. 12, 2002).

10. Andean Community, *La Evolucion de las Economias andinas y su Competitividad*, (Sept. 1999), available at <http://www.iadb.org> (last visited Aug. 12, 2002).

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#### D. COMPOSITION OF ANDEAN TRADE

Most of Andean exports are raw materials. Last year oil alone represented almost 44 percent of total Andean exports, and together with coffee, gold, bananas, and bituminous pit-coal close to 52 percent. Oil products (mainly gasoline and fuel), and fish flour are among the major manufactured products' exports. In the year 2000, five raw materials and three manufactured products represented 67 percent of total Andean exports. Almost 58 percent of such exports are energy products aimed at the U.S. market. Because of this, Andean foreign trade is highly vulnerable to price fluctuations and market conditions. The remaining 33 percent of total Andean exports are manufactured goods. In general, Andean exports have been highly diversified, judging by the large number of manufactured exports which are high value added products. Therefore, one of the priorities for the Andean countries within the continental negotiations, must be to obtain better access to the U.S. and Canadian markets for its manufactured goods.

### VI. Foreign Direct Investment in the CAN

Andean rules regarding foreign direct investment (FDI): eliminate a number of barriers; grant foreign capital the same treatment as national investment; and promote the introduction of new technologies. During the period 1991–1997, the amount of FDI that entered the CAN doubled twice.<sup>11</sup> This considerable increase was due in part to new investment opportunities in the oil and mining sectors in Colombia, Ecuador, and Peru. Other significant factors were the liberalization and privatization policies adopted in CAN member countries, and the allure of a wider Andean market. During that period, Colombia and Venezuela received a little less than two thirds of the total FDI in the sub-region. This was due to both countries' privatization policies, their better utilization of CAN instruments such as the free trade area, which includes Ecuador, and the implementation of the Common External Tariff.

Regarding the origin of the FDI, European countries are becoming important sources. Today, they are almost major investors in Colombia and Peru. The United States is the main investor in Venezuela, followed by the EU. By themselves, U.S. investments in all the Andean countries continues to be the largest, however, they have been losing ground compared to the FDI from other areas. MERCOSUR's and Chile's investments in Bolivia are significant, particularly in the energy sector. Asian countries' FDI in the CAN has been increasing, even though its level is still rather low. Because of the diversification of FDI sources, the FTAA negotiations on this issue must not include measures against investment from other regions of the world.

### VII. Major Trade Barriers in the United States and Canada

An analysis of the major trade barriers in the United States and Canada reveals that most of CAN's trade flows with those countries face relatively few tariff barriers. This is because they are comprised mostly of energy products, which the United States and

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11. CAN General Secretariat, *La Inversion Extranjera Directa Annual en la Comunidad Andina*, SG/di 116 (Oct. 20, 1998), available at <http://www.iadb.org> (last visited Aug. 12, 2002).

Canada, particularly the first, need to satisfy their dependency on imported energy products. Also, a large number of agricultural products, raw materials, semi-manufactured, and manufactured goods exported by the CAN to U.S. and Canadian markets benefit from Andean preferences, and are thus exempt from tariffs. They are, however, subject to nontariff barriers. Textiles, apparel, and footwear are not included in the ATPA, and are thus subject to high tariffs, and a few of these products face veritable "tariff peaks." ATPA preferences benefit four Andean countries and exclude Venezuela.

In reality, the major obstacle faced by Andean exports to U.S. and Canadian markets are nontariff barriers.<sup>12</sup> The United States imposes a larger number of nontariff barriers than Canada; these particularly restrictive barriers include: anti-dumping measures, countervailing duties, prohibitions, quotas, nonautomatic import licenses, and seasonal tariffs. The most protected sectors in the United States and, to a lesser degree, Canada, are agriculture (raw materials), and agricultural manufactured goods. On the other hand, industrial raw materials, particularly fuel and energy, are exposed to non tariff barriers, including restrictive ones. It is obvious that there is a tendency not to overburden oil, oil products and energy imports that are essential to the U.S. economy. In addition, several Andean agricultural and industrial manufactured products face nontariff barriers, particularly restrictive ones. Thus, in the hemispheric negotiations, Andean countries must favor options aimed at reducing the application of national laws in anti-dumping cases.

National production and export subsidies are other types of nontariff barriers. National production subsidies are not aimed directly at limiting the importation of goods, yet they produce a similar effect by stimulating local production, thus decreasing the demand for imported goods. Export subsidies are aimed directly at competitors' exports to third markets. The value of the assistance granted to producers is much larger in the United State than Canada. In 1998 it represented 17 percent of total OECD outlays, which was against the Uruguay Round's commitment to reduce such levels.

### VIII. Some Productive Sectors that Would Benefit from the FTAA

CAN's actions within the FTAA negotiations could first target some products included in the ATPA which enjoy competitive advantages. It is possible that some of those products will be freed from tariffs entirely; other products will be subject to limited tariffs during the FTAA initial period. Some products currently excluded from preferences will continue to be subject to tariffs, even once the lowering of duties period has ended. This will apply as well to Caribbean and Central American countries. Depending on the degree of tariffs they will encounter, Andean enterprises will face more or less competition, however they are granted a period of coverage until the FTAA enters into force, in order to adjust to the new situation. But their products' access to the U.S. market will not be insured should nontariff barriers remain in effect.

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12. Julio Nogues et al., *Argentina y la Agenda de Negociaciones Comerciales Internacionales: el MERCOSUR, el NAFTA y la Union Europa*, Remarks Before ABA, (Junio de 2001), *available at* <http://www.utdt.edu/departamentos/economia/pdf-wp/wp007.pdf> (last visited Aug. 12, 2002).

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The next products that should be targeted for Andean action are those that are already successful in entering the U.S. market, but must face numerous nontariff barriers. These are iron, steel, petrochemical, metal, and mechanical products. Thus, the adoption of hemispheric rules regarding the reduction of nontariff barriers will positively affect Andean exports. Finally, tourism may benefit from an increase of trade in the sub-region.

## IX. The CAN and Hemispheric Negotiations

Ever since the San Jose Ministerial Meeting, the Andean countries have presented a united front in the FTAA negotiations. However, substantive negotiations began only following the Buenos Aires Ministerial Meeting, and require greater coordination between Andean countries within each negotiating group and between groups. Market access is one of the issues that is of particular importance to the CAN, given its implications for agricultural trade. Within the Negotiating Group on Market Access, Andean countries should aim for an acknowledgement of their efforts to liberalize their economies by securing the consolidation of ATPA preferences, and the granting of whatever preferential treatment the FTAA will allow. As for the rules of origin issue, it would seem that Andean countries prefer those of ALADI. Their position on other issues is less clear, even though regarding the issue of anti-dumping measures, they appear to favor a WTO plus agreement. The position Andean countries will adopt regarding issues such as investment and services will be based on the CAN's governing norms.<sup>13</sup>

On the other hand, discussion on the issue of civil society's participation may lead to the adoption of positions contrary to the consolidation of integration and its acceptance by the people. Regarding developed countries' insistence on including the issues of labor laws and the environment in the negotiations, the Andean reaction cannot be a refusal to dialogue with civil society. The desire to be heard and taken into account when designing a hemispheric agreement demonstrated by several sectors of the population in all countries of the sub-region is legitimate. There are two reasons for this. In all Andean countries, trade is in the hands of, basically, the private sector. Also, in all the developing countries involved in the FTAA negotiations, political support for free trade is weak. Thus, other sectors beside the entrepreneurial one that wish to express their opinion on issues related to trade and integration (labor, academia, the ecology, society, etc.) must be included in the debates.

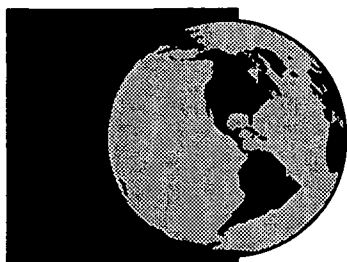
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13. Andean Community, *Lineamientos Estrategicos para una Participacion Andina en el ALCA Consistente con los Compromisos de la OMC*, XOM/XIII-E2, (Sept. 16, 1999).

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# Southern Methodist University Dedman School of Law's Law Institute of the Americas

*(formerly SMU Centre for NAFTA and Latin American Legal Studies\*)*

Established in 1952, the **Law Institute of the Americas** at Southern Methodist University Dedman School of Law was originally designed to promote good will and to improve relations among the peoples of the Americas through the study of comparative laws, institutions and governments respecting the American Republics, and to train lawyers in handling legal matters pertaining to the nations of the Western Hemisphere. Today, in reviving this institution, the Law Institute of the Americas comprises meaningful academic research, teaching and programs pertaining to the "NAFTA/FTAA processes" and other Western Hemispheric integration efforts; to Latin and Central American law and judicial reform, particularly focusing on Argentina, Brazil, Chile, Guatemala, Mexico, Peru and Venezuela; and, to a more limited extent, to Canadian legal issues, particularly as they interrelate to the NAFTA/FTAA. The Law Institute of the Americas also is concerned with increasing (regional and hemispheric) legal and economic interconnections between the "NAFTA/FTAA processes" and European and Asia-Pacific integration activities.

The officers of the Institute are as follows: the **Honorable Roberto MacLean**, President; **Professor Joseph J. Norton**, Executive Director; and **Professor George A. Martinez**, Associate Executive Director. **Professor Julio C. Cueto-Rua** of Argentina, and one of the first SMU international LL.M. (then MCL) graduates, serves as Honorary President of the Institute. The Institute is also supported by a distinguished group of Professorial Fellows, Senior Research Scholars, Professional Fellows, and Student Research Fellows. Corporate sponsorship of the Institute has been provided by H.D. Vest Financial Services.

As the Institute focuses primarily on issues pertaining to the North American Free Trade Agreement and the pending Free Trade Area of the Americas, and the broader economic, political, legal and social integration processes underway in the Western Hemisphere, *Law and Business Review of the Americas* is one of its publications, and is produced jointly by the Law Institute of the Americas and the International Law Review Association of SMU. Other parties involved in the production of the journal are the SMU School of Business, the SMU Departments of Economics and Political Science, the University of London, Centre for Commercial Law Studies, the American Bar Association Section of International Law and Practice and Kluwer Law International.

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\* From 1952 through the early 1970s, the name was the Law Institute of the Americas; in 1993, it was reactivated as the Centre for NAFTA and Latin American Legal Studies; and in 1998, it returned to its original name. For further detailed historical information on the Law Institute of the Americas, please refer to the LIA's Web site, <http://www.law.smu.edu/lia>.